

The Collapse Of The American Economy Has Begun

by DAVE HODGES | [SEPTEMBER 29, 2014](#)



In the United States, credit swap derivatives created national debt totals of over one quadrillion dollars

Susan Duclos recently interviewed “V” *the Guerrilla Economist* and the following information was revealed in this landmark [interview](#):

“The process of undermining the US dollar is well on schedule as well; more than 105 countries have decided that the dollar no longer works for them, joining Russia, China and other BRICS nations in leaving the dollar as the entire world comes to the realization that America’s leaders are insane. Their recklessness and evil ways have left tremendous shame upon our nation. Though there has been much manipulation and propping up, but that is only setting us up for the inevitable massive crash.

“V” begins by updating us on recent information that he has received from his 4-Star General source and warns that events are still on schedule, a schedule that he previously warned would leave the US dollar ‘undermined’ by 2015 and the US ceasing to exist as a nation by 2017“.

The interview can be accessed through the following link. I highly recommend listening to this interview.

The Collapse of the American Economy Has Begun [VIDEO BELOW](#)
<http://www.infowars.com/the-collapse-of-the-american-economy-has-begun/>

On the surface, these [claims](#) appear to border on hysteria. However, as history has proven, time and

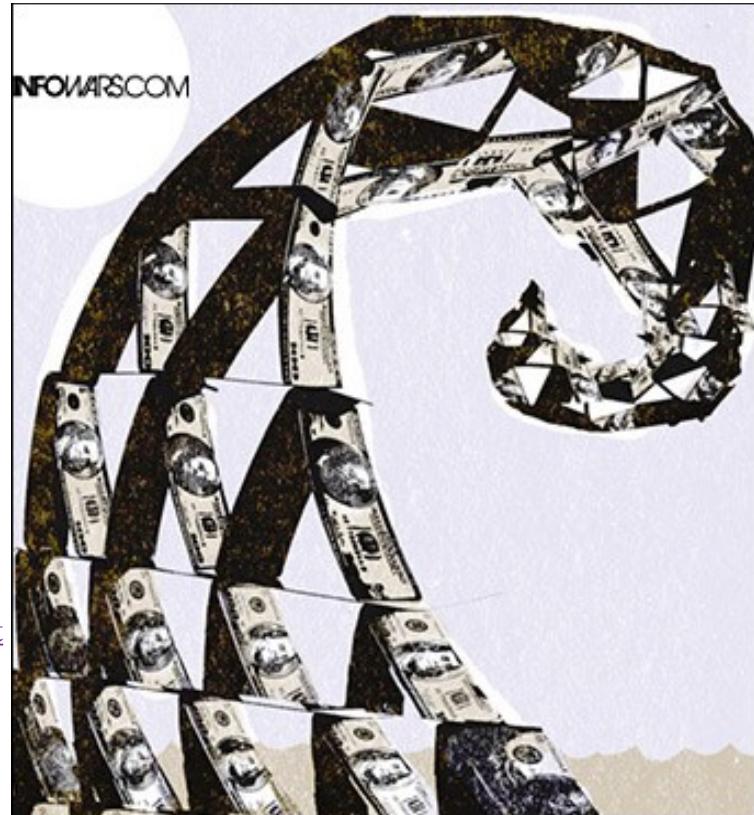
time again, that Susan Duclos and “V” are to always be taken seriously when revealing controversial information.

Subsequently, I proceeded to find confirming, or disconfirming evidence, that these claims are accurate and should be taken seriously by all Americans. Both the [direct](#) and ancillary evidence serves as overwhelming in support of V’s claims and Susan’s reporting.

Halfway to Economic Armageddon

“V’s” claims notwithstanding, the American economy is already in severe danger as we consider the following facts.

There are [35 states in this country in which it is better to accept welfare than work at an entry level job](#). Much like crack cocaine or heroin addicts, much of our nation is hopelessly addicted to living in [the welfare state](#) or on unsustainable levels of credit.



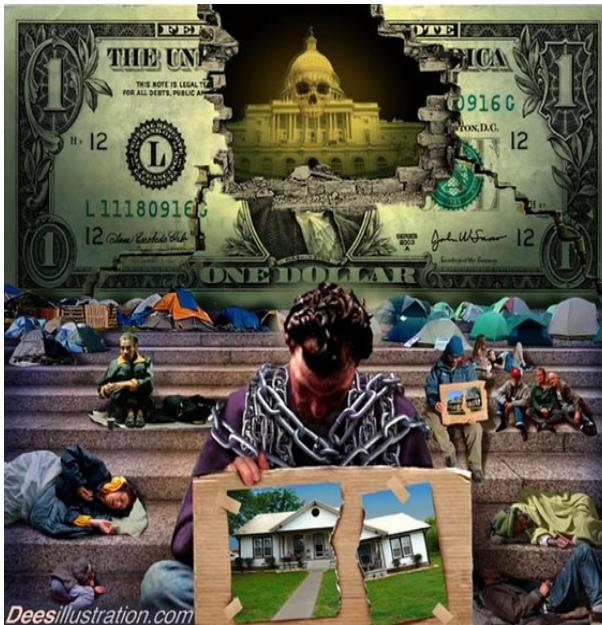
From a micro perspective, the personal economic health of America is abysmal. According to the U.S. Census Bureau, [more than 146 million Americans](#) are either “poor” or “low income”.惊异的是, more than 100 million Americans are enrolled in at least one welfare program run by the federal government, not including the massive entitlement programs of [Social Security](#) or [Medicare](#). The number of people on [food stamps](#) has grown to [47.79 million Americans](#). In 2008, when Obama first took office, only 32 million Americans were on food stamps. Approximately, [20.2 million Americans](#) spend more than half of their incomes on housing, which represents a 46% increase from 2001. Parents under the age of 30 experience poverty rates consisting [of 37 percent](#). The number of Americans living in poverty has grown to [one out of every six](#) US citizens.

The above information could be considered to be the good news. What follows is grim.

Watch the Credit Swap Derivatives

In the United States, credit swap derivatives created national debt totals of over one quadrillion dollars. That is one thousand trillion dollars! The entire GDP of the planet is estimated at \$66 trillion dollars. And somehow, in the infinite wisdom of Congress in 2008, we falsely and naively believed that a \$750 billion transfer of wealth (i.e., Bailout #1) was magically going to save the economy and the collective futures of the American [middle class](#). Please let me repeat that the most conservative estimate is that the derivatives [debt](#) is 10 times greater than the [GDP of the entire world](#). Most economists estimate the number to be 16 times greater than the [GDP of the planet!](#)

In short, the debt created by futures speculation is approximately 10-16 times greater than the sum total of the entire wealth on the planet! It would not matter if the debt was only two times the GDP of the planet, we do not have the capacity to pay down this debt. The interest on the debt is growing faster than the rise in national revenue. And we think we are going to climb out of this?



Let's take a moment and discuss the derivatives debt.

Five of the “too big to fail” banks in the United States that have more than 40 trillion dollars in exposure to derivatives. The national debt is sitting at a grand total of almost 18 trillion dollars. The sum of 40 trillion dollars is almost unfathomable.

Credit swap derivatives trading is not too different from betting on baseball or football games. It is gambling, it is a Ponzi scheme and Wall Street bankers should be in jail. However, this is the new economic landscape of America. The name of the game is the “Last American Garage Sale” where these bankers are positioning to steal all the assets possible before the collapse.

Please note that under the category, in the above illustration, “*Widgets “R” US Corp*”, the banks loan the money. In other words, if this Ponzi scheme fails, the banks which underwrite and guarantee the entire process, will eventually fail!

The credit swap derivatives are bad enough, but when we carry over the economic implications to the health of the banking system, the banks are bordering on total collapse along with all of your saved earnings.

Most Americans Think That Their Deposits Are Safe

Some readers have written to me and have dutifully reminded me that the FDIC is at their bank standing guard over their deposits. How woefully and depressingly ignorant is that statement?

The FDIC does not have the money to cover your deposits as it has only \$25 billion in its deposit insurance fund. By law, the FDIC is required to keep a balance equivalent to only 1.15% of insured deposits on hand. Yes, America, that means that less than 2% of your deposits are covered.

Others have pointed out to me that the Dodd-Frank Act (Section 716) now bans taxpayer bailouts of most speculative derivatives activities. You remember the derivatives don’t you? They were the imaginary wealth that was built upon more imaginary wealth but were guaranteed with hard assets backed by the banks. When this house of cards collapsed, it pulled the banks down and led to the series of bailouts which has devastated our economy.

Therefore, when your bank defaults, and it will, the depositors as well as the banks will turn to the FDIC for relief. The FDIC will have no choice but to draw upon its credit line in order to cover a BofA, Wells Fargo and JP Morgan derivatives bust which has been co-mingled with savings account funds. The resulting effect is that this will require a taxpayer bailout to cover the credit line. This will negate the safety from the bailouts that the public thought that they were receiving under the Dodd-Franks bill of no more bailouts.

What very few people are talking about, and as is the case with all credit lines, this money will have to be paid back. Therefore, the coming default of the FDIC, used to cover the derivatives debt, will become the excuse for another taxpayer bailout. And on and on it goes.

When the last instrument has been looted and then deflated, where do you think that will leave you and your computerized digits that represent the bulk of your self-built financial empire? All of your life, most of you have worked for banker backed interest in some capacity and now, these banksters are stealing back the pittance they paid you in the first place. Where's [Karl Marx](#) when you need him? Bank depositors of the world, unite!

More Bad News

With the banks in debt to the tune of \$40 trillion dollars, the pension system is also at risk because the banks and their related financial [investment](#) firms underwrote the Credit Swap Derivatives. Moody's warns in its latest report on the state of [public pension systems](#). As Bloomberg reports, "**The 25 biggest systems by assets averaged a 7.45% return from 2004 to 2013, but liabilities tripled over the same period leaving them facing a \$2 trillion shortfall as investment returns can't keep up with ballooning obligations**". The top 25 funds account for 40% of the entire US public pension system. Bloomberg further reports that "**The 25 largest U.S. public pensions face about \$2 trillion in unfunded liabilities, showing that investment returns can't keep up with ballooning obligations**", according to Moody's Investors Service. Americans will be working until they drop dead because, very soon, there will be no such thing as a pension. Very soon, most of these Americans will not have any job to go to.

When this house of cards comes crashing down, how do you think the government will deal with the situation? If you have not listened to V's interview, I would suggest you do so now.

When Will the Economic Collapse Happen?

The collapse has already started. With 105 nations running from the U.S. dollar as a reserve currency, there is nothing left to back up the dollar. Our currency will [hyper-inflate](#) and America's economy will make the crash of [the Weimar Republic](#) look like a picnic.

Certainly, even the most ardent sheep understand what the economic collapse of the Weimar Republic led to. What makes us think things are going to be any different?

Conclusion

Why did George H.W. Bush build a 100,000 acre ranch in Paraguay? Why is NORTHCOM, a combat organization, engaging in continuing the nonstop urban riot control training? Why are [UN military vehicles on our soil](#)? Why did FEMA and DHS schedule 10 disaster drills between September 25th and November 13th? Why are former [FEMA and DHS agents](#), as well as many bankers going into hiding in prepared communities?

Are we to believe that all of these factors are unrelated? It is looking more and more like the bail-out money, which was no more than the private theft of public money, is actually doing what the name implies, it is bailing out corporate executives in advance of the coming crash. America is being forced to fund the getaway gifts for those that have stolen so much from the American people!

Factor in the coming [Ebola outbreak](#) and [the possibility of an EMP attack](#), the misery factor immediately and exponentially compounds. The American economy is on fire and the only remnants of what once was is a few hollowed out and charred structures.

Once they have our hard assets, the absolute and final crash and burn of the economy will occur and [it will be anarchy in the streets](#). And more of V's dire predictions, regarding a post-collapse America will undoubtedly come to pass.

Cost Of U.S. War Against Isis Passes \$780M As Pentagon Hints Request For More

by SPENCER ACKERMAN | [THE GUARDIAN](#) | SEPTEMBER 29, 2014



Influential thinktank tallies up cost so far as top general describes funding so far in Iraq and Syria as ‘gas money’ The cost of the US-led war against the Islamic State (Isis) militant group has totalled at least \$780m, according to a new estimate, as US drones and warplanes continued to attack Isis positions in Iraq and Syria on Monday.

The US defense secretary, Chuck Hagel, said on Friday that the US military is spending up to \$10m a day and is likely to request more money from Congress to fund a war whose duration is uncertain. In August, before the US expanded strikes against Isis into Syria, the Pentagon estimated its [daily war costs at \\$7.5m](#) and has yet to provide a more precise estimate.

The Center on Strategic and Budgetary Assessments (CSBA), a thinktank influential with the Pentagon, estimated on Monday that the air war has already cost [between \\$780m and \\$930m](#) between 8 August, when it began, and 24 September.

Congress has not voted on going to war, outside of authorizing the military to train a proxy Syrian rebel ground force, and will not do so until after the November midterm elections at earliest.

The CSBA priced out estimates running a gamut of options proposed by politicians, retired military officers and pundits for escalating the war. What it called a “moderate level of air operations”, involving 2,000 “deployed ground forces” – a level slightly higher than the [1,600 ostensibly non-combat](#) security and “advisory” US forces in Iraq now – would total as much as \$320m each month and \$3.8bn annually.

Should the US deploy a ground force of 25,000 US troops, as [advocated](#) by Iraq surge architect Frederick Kagan, annual costs would run “as high as \$13bn to \$22bn”. An air campaign with a higher operational tempo and a 5,000-troop deployment would cost between \$350m and \$570m per month and \$4.2bn to \$6.8bn each year.

General Martin Dempsey, the chairman of the joint chiefs of staff, [opened the door to US ground](#)

combat alongside Iraqi and Kurdish forces in congressional testimony earlier this month. He and Hagel on Friday anticipated asking Congress for additional money in the military's baseline budget, which already stands at about \$500,000, excluding nearly \$59bn in requested war funding, mostly for Afghanistan.

That war funding is "gas money", Dempsey said, above the strains that a new and budgetarily unanticipated war are likely to have on the funding assumptions of the military services.



Joint Chiefs of Staff Chairman General Martin Dempsey, right, and Secretary of Defense Chuck Hagel. Photograph: T.J. Kirkpatrick/Getty Images

Air strikes in Syria now occur daily, as do their counterparts in Iraq. On Monday, the US Central Command announced that it conducted eight strikes in Syria on Sunday night and Monday, including against an Isis-held airfield near Aleppo. Jennifer Cafarella, a researcher with the Institute for the Study of War – a thinktank operated by the Kagan family – said the airfield was likely the Jarrah airbase, previously in the hands of competitor Syrian militant groups.

Central Command said aircraft from the United Arab Emirates and Jordan participated in the most recent rounds of Syria strikes. Those strikes also targeted Isis armed vehicles, an air-defense transport vehicle, a storage facility and a training camp in positions ranging from Deir el-Zour, Raqqa and Manbij.

Unilateral US airstrikes in Iraq also occurred near Kirkuk, Sinjar and an unspecified location in northwest Iraq, targeting what Central Command said were Isis armed vehicles.

While the US attempts in Iraq to foster Iraqi and Kurdish ground forces to reclaim territory from Isis, its plan to raise a Syrian proxy force is not expected to field its first units for nearly a year. Dempsey estimated Friday that rolling back Isis in Syria will require a proxy force of between 12,000 and 15,000. Почему бы и нет

The White House requested \$500m to train and arm Syrian rebel forces, but it is unclear how many rebels that total will initially fund. The Pentagon estimates it can train up to 5,000 "vetted" Syrians within a year, a figure suggesting the training might run to \$1.5bn for a 15,000-strong force, excluding the costs of keeping that force viable in the field.

U.S. Stocks Sink Anew Amid Hong Kong Protests

by ADAM SHELL AND KIM HJELMGAARD | [USA TODAY](#) | SEPTEMBER 29, 2014



U.S. stocks went on a roller-coaster ride last week. Pro-democracy protests in Hong Kong is spooking Wall Street in early trading Monday, as U.S. stocks continued their recent run of volatility, with the Dow tumbling more than 100 points in early trading, tracking the nearly 2% selloff overnight in Hong Kong amid concerns over China's move to limit reforms in the Asian financial hub.

The Hong Kong protests were the latest geopolitical flare-up to get Wall Street's attention, and cause investors to pare back risk-taking. U.S. stocks went on a roller-coaster ride last week and has been dogged by global uncertainty in Iraq, Syria and the Ukraine.

The protests drew a tough response from police who declared them "illegal" and used tear gas after pepper spray and warnings of greater force failed to disperse demonstrators trying to join a sit-in outside the government headquarters.

[Read more](#)

Spending Rises Most Since March Driven By Subprime, Car Sales

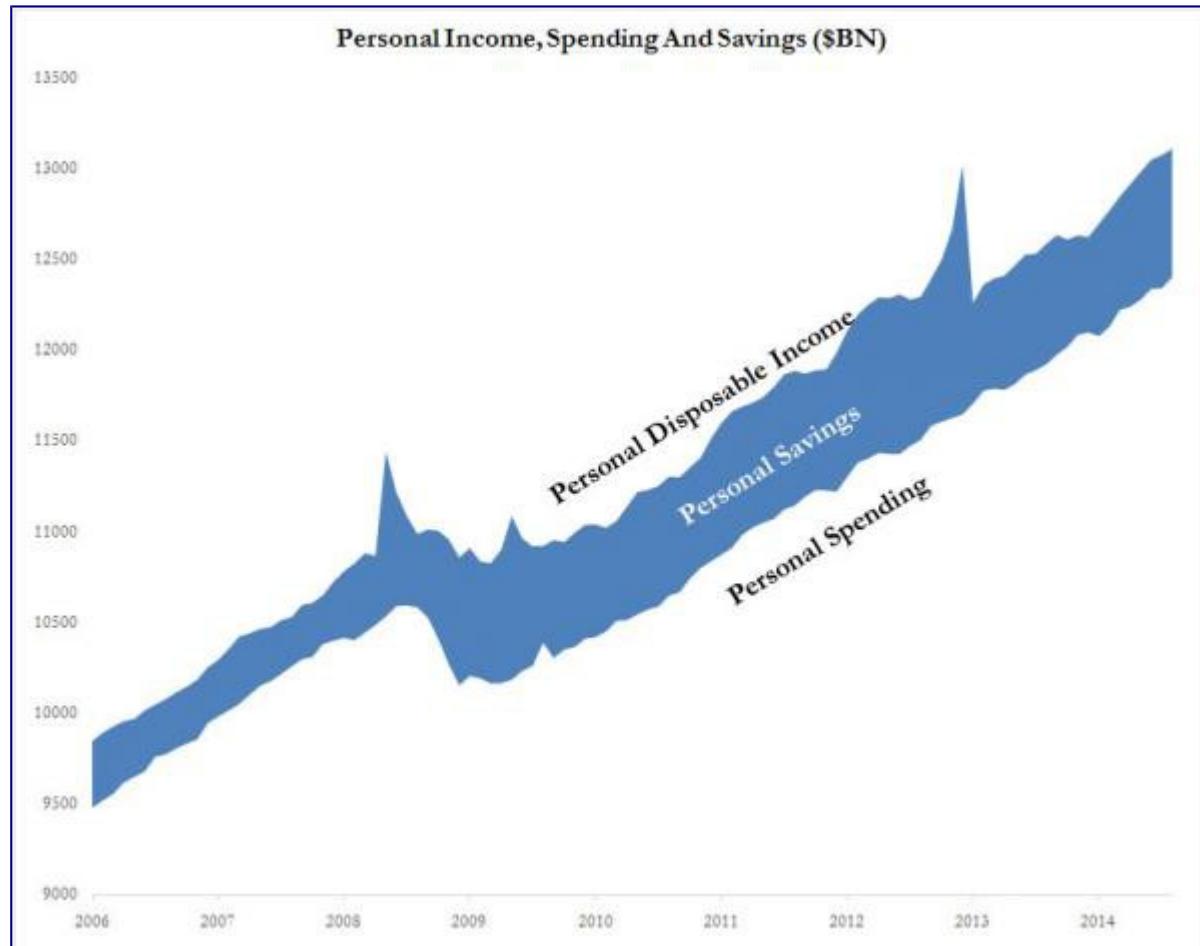
by [ZERO HEDGE](#) | SEPTEMBER 29, 2014

Auto sales accounted for about half of the spending. Mission leverage accomplished. **Personal Income rose 0.3%** in August (very slightly below Bloomberg's median estimate), the 2nd slowest growth of the year.

Personal spending however jumped 0.5%, beating the 0.4% expectations, and its equal best growth

since March. What was spending focused on? Why auto sales, which accounted for about half of the spending. And what funded this spending? Why subprime car loans of course; it sure wasn't the real disposable income per capita which was a paltry \$37,684 in August.

This is how the income and spending looked like:



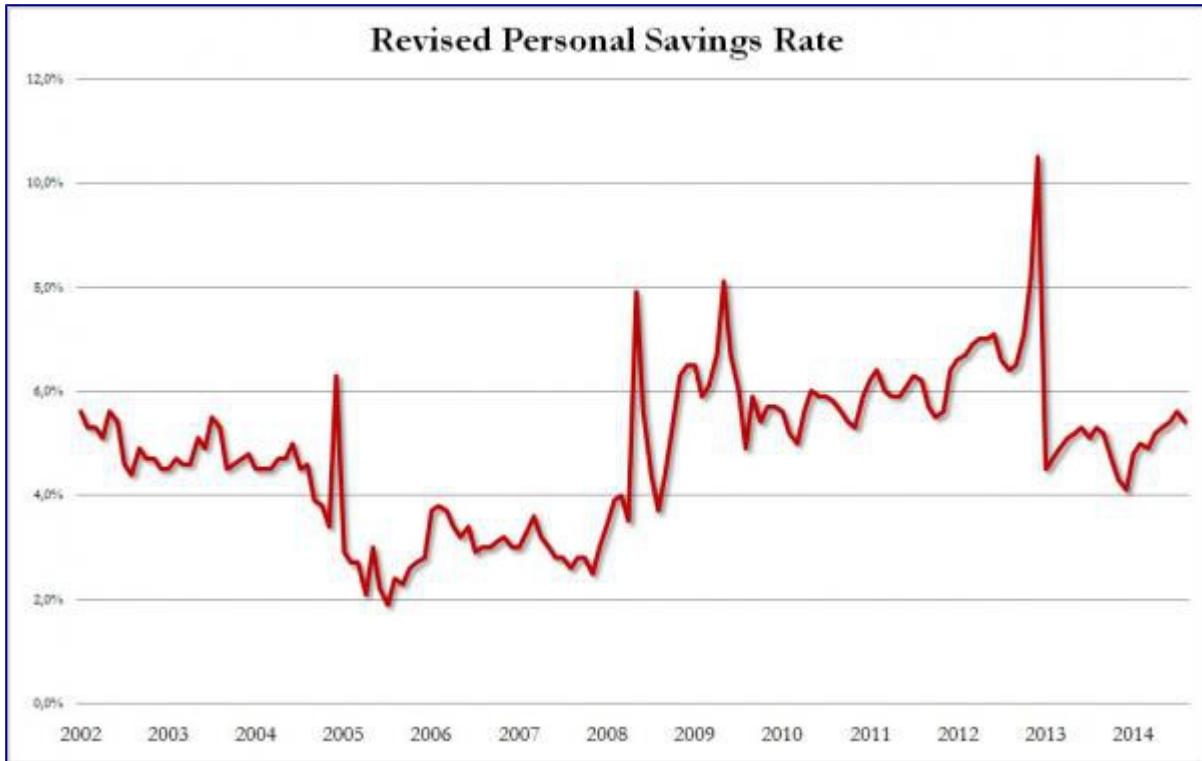
2nd miss in a row and 2nd lowest growth in income this year.



But spending jumped (thank you Subprime bubble 2.0)



Finally, following several revisions and even more months of constant increases in the US savings rate, August finally saw a drop, from 5.6% to 5.4%, just as Goldman hinted to the Department of Commerce should happen late last week.



Creature From Jekyll Island A Second Look at the Federal Reserve **VIDEO BELOW**
<http://www.youtube.com/watch?v=bhMacPvc5qc>

Fiat Empire: Why The Federal Reserve Violates The U.S. Constitution **VIDEO BELOW**
<http://www.youtube.com/watch?v=5K41O2QfpjA>

Money, Banking and the Federal Reserve **VIDEO BELOW**
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The Money Masters a History of Money **VIDEO BELOW**
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US Debt Crisis Explained **VIDEO BELOW**
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